

**ANNUAL FINANCIAL REPORT**  
**DEPENDENT SCHOOL DISTRICT NO. 9**  
**OPTIMA PUBLIC SCHOOL DISTRICT**  
**TEXAS COUNTY, OKLAHOMA**  
**JULY 1, 2021 TO JUNE 30, 2022**

OPTIMA PUBLIC SCHOOLS  
DEPENDENT SCHOOL DISTRICT NO. 9  
TEXAS COUNTY, OKLAHOMA  
JUNE 30, 2022

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OPTIMA PUBLIC SCHOOLS  
DEPENDENT SCHOOL DISTRICT NO. 9  
TEXAS COUNTY, OKLAHOMA  
JULY 1, 2021 TO JUNE 30, 2022

SCHOOL DISTRICT BOARD MEMBERS

Eduardo Salinas  
Wanda Bercegeay  
Solía Medina

SUPERINTENDENT OF SCHOOL DISTRICT

Freida Burgess

CLERK OF THE BOARD

Solía Medina

SCHOOL DISTRICT TREASURER

Diane Roberts

# Chas. W. Carroll, P.A.

Independence Tower – Suite 103  
302 N. Independence  
Enid, Oklahoma 73701

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Optima School District #C-9  
Texas County, Oklahoma

### Report on the Audit of Financial Statements

#### Opinions

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Optima School District #C-9, Texas County, Oklahoma, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the combined financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2022, and the revenues collected and expenditures paid and encumbered for the year then ended, on the regulatory basis of accounting described in Note 1.

#### Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2022, or the revenues, expenses, and changes in net position and, where applicable, cash flows thereof for the year then ended.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified audit opinions.

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the Oklahoma State Department of Education, the financial statements are prepared by the District on the basis of the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education as described in Note 1, to meet the financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the fund type and account group financial statements-regulatory basis that collectively comprise the District's basic financial statements. The accompanying combining financial statements-regulatory basis and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements-regulatory basis. The information has been subjected to the auditing procedure applied in the audit of the fund type and account group financial statements within the combined financial statements-regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the financial statements being prepared in compliance with regulatory basis as prescribed by the Oklahoma State Department of Education as discussed in Note 1, the combining financial statements-regulatory basis and the other supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the combined financial statements-regulatory basis as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2023, on our consideration of the District's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Catoosa School District #I-2, Texas County, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "Chas. W. Carroll, P.A.", is positioned above the printed name.

Chas. W. Carroll, P.A.  
April 10, 2023

## **COMBINED FINANCIAL STATEMENTS**



**OPTIMA SCHOOL DISTRICT NO. 9**  
**TEXAS COUNTY, OKLAHOMA**  
**COMBINED STATEMENT OF ASSETS AND LIABILITIES - STATUTORY BASIS**  
**(ALL FUND TYPES AND ACCOUNT GROUPS)**  
**JUNE 30, 2022**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Trust and Agency</u>	<u>(Memorandum Only)</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$131,573</u>	<u>\$101,927</u>	<u>\$58,768</u>	<u>\$292,268</u>
Total Assets	<u>\$131,573</u>	<u>101,927</u>	<u>58,768</u>	<u>292,268</u>
<u>LIABILITIES</u>				
Warrants Payable	\$65,394	7,203	0	72,597
Reserved for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>65,394</u>	<u>7,203</u>	<u>0</u>	<u>72,597</u>
<u>FUND EQUITY</u>				
Fund Equity:				
Restricted for Building Purposes	0	65,629	0	65,629
Restricted for Child Nutrition Programs	0	29,095	0	29,095
Restricted for Insurance Purposes	0	0	58,768	58,768
Unassigned	<u>66,179</u>	<u>0</u>	<u>0</u>	<u>154,042</u>
Total Fund Equity	<u>66,179</u>	<u>94,724</u>	<u>58,768</u>	<u>307,534</u>
Total Liabilities and Fund Equity	<u>\$131,573</u>	<u>\$101,927</u>	<u>\$58,768</u>	<u>\$380,131</u>

The notes to the financial statements are an integral part of this statement.

**OPTIMA SCHOOL DISTRICT NO. 9  
TEXAS COUNTY, OKLAHOMA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - STATUTORY BASIS  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	Governmental Fund Types		Fiduciary Fund Types	Totals
	General	Special Revenue	Trust and Agency	(Memorandum Only)
<b>REVENUES:</b>				
Local Sources	\$335,191	\$47,230	\$0	\$382,421
Intermediate Sources	14,467	0	0	14,467
State Sources	96,895	420	0	97,315
Federal Sources	88,302	60,159	0	148,461
Total Revenues Collected	534,855	107,809	0	642,664
<b>EXPENDITURES:</b>				
Instruction	412,338	0	0	412,338
Support Services	121,462	27,284	0	148,746
Non-Instructional Services	37,415	43,250	0	80,665
Repayments	0	0	7,081	7,081
Total Expenditures	571,215	70,534	7,081	648,830
Revenues Over (Under) Expenditures	(36,360)	37,275	(7,081)	(6,166)
<b>OTHER FINANCING SOURCES (USES):</b>				
Return of Assets	0	0	0	0
Deobligation of Prior Year Funds	0	0	0	0
Estopped Warrants	0	350	0	350
Total Other Financing Sources (Uses)	0	350	0	350
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(36,360)	37,625	(7,081)	(5,816)
Fund Balance, Beginning of Year	102,539	57,099	65,849	225,487
Fund Balance, End of Year	\$66,179	\$94,724	\$58,768	\$219,671

The notes to the financial statements are an integral part of this statement.

**OPTIMA SCHOOL DISTRICT NO. 9**  
**TEXAS COUNTY, OKLAHOMA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - STATUTORY BASIS**  
**GENERAL FUND AND BUDGETED SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund			Special Revenue Funds			
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>							
Local Sources	\$315,191	\$335,191	\$20,000	\$45,667	\$45,667	\$47,230	\$1,563
Intermediate Sources	11,395	14,467	3,072	0	0	0	0
State Sources	74,686	96,895	22,209	292	292	420	128
Federal Sources	172,052	88,302	(83,750)	30,146	37,857	60,159	30,013
<b>Total Revenues</b>	<b>573,324</b>	<b>534,855</b>	<b>(38,469)</b>	<b>76,105</b>	<b>83,816</b>	<b>107,809</b>	<b>31,704</b>
<b>EXPENDITURES :</b>							
Instruction	515,663	412,338	103,325	0	0	0	0
Support Services	122,200	121,462	738	90,673	90,673	27,284	63,389
Non-Instructional Services	38,000	37,415	585	42,531	50,242	43,250	(719)
<b>Total Expenditures</b>	<b>675,863</b>	<b>571,215</b>	<b>104,648</b>	<b>133,204</b>	<b>140,915</b>	<b>70,534</b>	<b>62,670</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(102,539)</b>	<b>(36,360)</b>	<b>66,179</b>	<b>(57,099)</b>	<b>(57,099)</b>	<b>37,275</b>	<b>94,374</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Return of Assets	0	0	0	0	0	0	0
Deobligation of Prior Year Funds	0	0	0	0	0	0	0
Estopped Warrants	0	0	0	0	0	350	350
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>350</b>	<b>350</b>
<b>Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(102,539)</b>	<b>(36,360)</b>	<b>66,179</b>	<b>(57,099)</b>	<b>(57,099)</b>	<b>37,625</b>	<b>94,724</b>
<b>Fund Balance, Beginning of Year</b>	<b>102,539</b>	<b>102,539</b>	<b>0</b>	<b>57,099</b>	<b>57,099</b>	<b>57,099</b>	<b>0</b>
<b>Fund Balance, End of Year</b>	<b>\$0</b>	<b>\$66,179</b>	<b>\$66,179</b>	<b>\$0</b>	<b>\$0</b>	<b>\$94,724</b>	<b>\$94,724</b>

The notes to financial statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

**OPTIMA SCHOOL DISTRICT NO. 9  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Optima Public Schools Dependent District No. 9, Texas County, Oklahoma (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The District is a corporate body for public purposes created under Title 70 of the Oklahoma statutes and accordingly is a separate entity for operating and financial reporting purposes.

The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

In evaluating how to define the district, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

**B. Fund Accounting and Description of Funds**

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

**OPTIMA SCHOOL DISTRICT NO. 9**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**B. Fund Accounting and Description of Funds – (continued)**

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

**Governmental Fund Types**

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund – The general fund is used to account for all financial transactions, except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Salary Incentive Aid program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Fund – The special revenue fund is the District’s Building Fund. The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

The Child Nutrition Fund derives monies from State, Federal and local sources.

Debt Service Fund – The debt service fund is the District’s Sinking Fund and is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

Capital Projects Fund – The capital projects fund is the District’s Bond Fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

**OPTIMA SCHOOL DISTRICT NO. 9**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Agency Fund – The Agency fund is the School Activities fund, which is used to account for monies, collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these activity funds.

Account Groups

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets not accounted for in proprietary funds.

General Long-Term Debt Account Group – This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for liabilities for compensated absences and early retirement incentives, which are to be paid from funds provided in future years.

General Fixed Asset Account Group – This account group is used to account for property, plant, and equipment of the school district. The District does not have the information necessary to include this group in its combined financial statements.

Memorandum Only – Total Column - The total column on the general purpose financial statements is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements-Management’s Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education (OSDE) as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

**OPTIMA SCHOOL DISTRICT NO. 9**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

C. Basis of Accounting and Presentation – (continued)

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the second Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

The District may upon approval by a majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent. Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

E. Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments – Investments consist of direct obligations of the United States Government and Agencies with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

Property Tax Revenues – The district is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the district. The county assessor, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax roll for submission to the County Treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.



**OPTIMA SCHOOL DISTRICT NO. 9**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

E. Assets, Liabilities, and Fund Equity – (continued)

Inventories – The value of consumable inventories at June 30, 2022 is not material to the basic financial statements.

Fixed Assets – (Property, Plant, and Equipment)--The District has not maintained a historical record of its general fixed assets. Accordingly, a General Fixed Asset Account Group, which is required by the regulatory basis of accounting (as prescribed by the Oklahoma State Department of Education) is not presented. Amounts that should be recorded in the General Fixed Asset Account Group are not known. When general fixed assets are purchased, they are recorded as expenditures within the various funds. As a result, annual depreciation and accumulated depreciation are not reported in the financial statements.

Compensated Absences – The district provides vacation and sick leave benefits in accordance with Oklahoma Statutes, which provides for annual sick leave and personal business days. Accrued vacation and sick leave benefits are not reflected in the financial statements because such statements are prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Fund Balance – Fund balance represents the cash and investments not encumbered by purchase order, legal contracts, and outstanding warrants.

F. Revenue, Expenses, and Expenditures

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts.

**OPTIMA SCHOOL DISTRICT NO. 9  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**F. Revenue, Expenses, and Expenditures – (continued)**

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. These rules also require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditure/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

**2. DEPOSIT AND INVESTMENT RISKS**

***Custodial Credit Risk*** - The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2022, the District was not exposed to custodial credit risk as defined above.

***Investment Credit Risk*** – The District's investment policy limits investments to those allowed in state law applicable to school districts as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

**OPTIMA SCHOOL DISTRICT NO. 9**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

***Investment Credit Risk (continued)*** - Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

***Investment Interest Rate Risk*** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District’s investment policy limits investments to those with short-term maturities, as a means of managing exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

***Concentration of Investment Credit Risk*** – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District’s investment policy requires diversification of investments..

At June 30, 2022, the District had no concentration of credit risk as defined above.

**3. INTERFUND RECEIVABLES AND PAYABLES**

There were no Interfund receivables or payables at June 30, 2022.

**4. GENERAL LONG-TERM DEBT**

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District’s voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue.

General long-term debt of the District normally consists of bonds payable, obligations for compensated absences, early retirement incentive, and a capital lease. Debt service requirements for bonds are payable solely from fund balance and future revenues for the debt service fund.

**OPTIMA SCHOOL DISTRICT NO. 9  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**5. EMPLOYEE RETIREMENT SYSTEM**

Basis of Accounting

The System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34.

The financial statements are prepared on the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are recognized when due, pursuant to formal commitments. Benefits and refunds are recognized when due and payable.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. Actuarial valuations are not performed on individual school districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation indicates a significant unfunded pension benefit obligation.

Funding Policy

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55). The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his/her accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. Employers' contribution of applicable employee earnings was 9.5% through June 30, 2022.

**OPTIMA SCHOOL DISTRICT NO. 9  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**5. Employee Retirement System (Continued)**

	<u>Total Payroll</u>	<u>Contributions</u>
2021-22	\$345,455.	\$ 32,818.
2020-21	\$257,517	\$ 24,464.
2019-20	\$306,046.	\$ 29,074.

**6. CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**7. RISK MANAGEMENT AND LITIGATION**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, employees' health and life, and natural disasters. The District manages these various risks of loss through the purchase of commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**8. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 10, 2023, which is the date the financial statements were issued.

## **OTHER SUPPLEMENTARY INFORMATION**

**OPTIMA SCHOOL DISTRICT NO. 9  
TEXAS COUNTY, OKLAHOMA  
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS  
SPECIAL REVENUE FUNDS  
JUNE 30, 2022**

	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (Memorandum Only)</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$65,845</u>	<u>\$36,082</u>	<u>\$101,927</u>
Total Assets	<u><u>65,845</u></u>	<u><u>36,082</u></u>	<u><u>101,927</u></u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants Outstanding	216	6,987	7,203
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>216</u>	<u>6,987</u>	<u>7,203</u>
Fund Equity:			
Fund Balance	<u>65,629</u>	<u>29,095</u>	<u>94,724</u>
Total Fund Equity	<u>65,629</u>	<u>29,095</u>	<u>94,724</u>
Total Liabilities and Fund Equity	<u><u>\$65,845</u></u>	<u><u>\$36,082</u></u>	<u><u>\$101,927</u></u>

**OPTIMA SCHOOL DISTRICT NO. 9  
TEXAS COUNTY, OKLAHOMA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - REGULATORY BASIS  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	BUILDING FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only)
REVENUES:			
Local Sources	\$46,922	\$308	\$47,230
State Sources	20	400	420
Federal Sources	0	60,159	60,159
	<u>46,942</u>	<u>60,867</u>	<u>107,809</u>
Total Revenues Collected			
EXPENDITURES:			
Support Services	27,284	0	27,284
Operation of Non-Instruction Services	0	43,250	43,250
	<u>27,284</u>	<u>43,250</u>	<u>70,534</u>
Total Expenditures			
Excess of Revenues Over Expenditures	<u>19,658</u>	<u>17,617</u>	<u>37,275</u>
OTHER FINANCING SOURCES (USES):			
Return of Assets	0	0	0
Deobligation of Prior Year Funds	0	0	0
Estopped Warrants	350	0	350
	<u>350</u>	<u>0</u>	<u>350</u>
Total Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources Over (under) Expenditures and Other Uses	20,008	17,617	37,625
Fund Balance, Beginning of Year	<u>45,621</u>	<u>11,478</u>	<u>57,099</u>
Fund Balance, End of Year	<u>\$65,629</u>	<u>\$29,095</u>	<u>\$94,724</u>



**OPTIMA SCHOOL DISTRICT NO. 9**  
**TEXAS COUNTY, OKLAHOMA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BUDGETED SPECIAL REVENUE FUNDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Building Fund			Child Nutrition Fund			
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:							
Local Sources	\$45,052	\$46,922	\$1,870	\$615	\$615	\$308	(\$307)
State Sources	0	20	20	292	292	400	108
Federal Sources	0	0	0	30,146	37,857	60,159	22,302
Total Revenues	45,052	46,942	1,890	31,053	38,764	60,867	22,103
EXPENDITURES :							
Support Services	90,673	27,284	63,389	0	0	0	0
Operation of Non-Instructional Services	0	0	0	42,531	50,242	43,250	6,992
Total Expenditures	90,673	27,284	63,389	42,531	50,242	43,250	6,992
Revenues Over (Under) Expenditures	(45,621)	19,658	65,279	(11,478)	(11,478)	17,617	29,095
OTHER FINANCING SOURCES (USES):							
Return of Assets	0	0	0	0	0	0	0
Deobligation of Prior Year Funds	0	0	0	0	0	0	0
Estopped Warrants	0	350	350	0	0	0	0
Total Other Financing Sources (Uses)	0	350	350	0	0	0	0
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(45,621)	20,008	65,629	(11,478)	(11,478)	17,617	29,095
Fund Balance, Beginning of Year	45,621	45,621	0	11,478	11,478	11,478	0
Fund Balance, End of Year	\$0	\$65,629	\$65,629	\$0	\$0	\$29,095	\$29,095

**OPTIMA SCHOOL DISTRICT NO. 9  
TEXAS COUNTY, OKLAHOMA  
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS  
TRUST AND AGENCY FUNDS  
JUNE 30, 2022**

	<u>INSURANCE FUND</u>	<u>TOTALS (Memorandum Only)</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$58,768</u>	<u>\$58,768</u>
Total Assets	<u><u>58,768</u></u>	<u><u>58,768</u></u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Warrants Payable	<u>\$0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>
Fund Equity:		
Fund Balance	<u>58,768</u>	<u>58,768</u>
Total Fund Equity	<u>58,768</u>	<u>58,768</u>
Total Liabilities and Fund Equity	<u><u>\$58,768</u></u>	<u><u>\$58,768</u></u>

**OPTIMA SCHOOL DISTRICT NO. 9  
TEXAS COUNTY, OKLAHOMA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - REGULATORY BASIS  
TRUST & AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>INSURANCE FUND</u>	<u>TOTALS (Memorandum Only)</u>
REVENUES:		
Local Sources	<u>\$0</u>	<u>\$0</u>
Total Revenues Collected	<u>0</u>	<u>0</u>
 EXPENDITURES:		
Repayments	<u>7,081</u>	<u>7,081</u>
Total Expenditures	<u>7,081</u>	<u>7,081</u>
Excess of Revenues Over Expenditures	<u>(7,081)</u>	<u>(7,081)</u>
OTHER FINANCING SOURCES (USES):		
Return of Assets	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (under) Expenditures and Other Uses	<u>(7,081)</u>	<u>(7,081)</u>
Fund Balance, Beginning of Year	<u>65,849</u>	<u>65,849</u>
Fund Balance, End of Year	<u><u>\$58,768</u></u>	<u><u>\$58,768</u></u>

**OPTIMA SCHOOL DISTRICT NO. 9  
TEXAS COUNTY, OKLAHOMA  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2022**

	Federal CFDA Number	Project Code	Program or Award Amount	Cash/ Beginning Balance at July 1, 2021	Federal Receipts	Federal Expenditures Direct Costs	Indirect Costs	Cash/ Ending Balance at June 30, 2022
<u>Passed through the Oklahoma Department of Education:</u>								
Title I	84.010	511	\$20,826.70	\$0.00	\$3,865.50	\$20,791.76	\$0.00	(\$16,926.26)
Title II Transferability	84.367	511	3,422.60	0.00	3,422.60	3,422.60	0.00	0.00
Title IV Transferability	84.424	511	10,000.00	0.00	7,831.70	10,000.00	0.00	(2,168.30)
Sub-total			<u>34,249.30</u>	<u>0.00</u>	<u>15,119.80</u>	<u>34,214.36</u>	<u>0.00</u>	<u>(19,094.56)</u>
Covid-19 - ARP ESSER III	84.425U	795	138,068.20	0.00	73,182.36	73,182.36	0.00	0.00
Sub-total			<u>138,068.20</u>	<u>0.00</u>	<u>73,182.36</u>	<u>73,182.36</u>	<u>0.00</u>	<u>0.00</u>
<u>U.S. Department of Agriculture:</u>								
<u>Passed Through the State Department of Education</u>								
Donated Foods	10.555	385	4,135.39	0.00	4,135.39	4,135.39	0.00	0.00
USDA - Supply Chain Assistance	10.555	759	5,979.35	0.00	5,979.35	0.00	0.00	5,979.35
NSLP Cares Emergency Funding	10.555	762	3,276.39	0.00	3,276.39	0.00	0.00	3,276.39
Federal Lunches	10.555	763	32,488.22	0.00	32,488.22	22,483.40	0.00	10,004.82
Federal Breakfasts	10.553	764	17,801.34	0.00	17,801.34	16,042.60	0.00	1,758.74
Sub-total			<u>63,680.69</u>	<u>0.00</u>	<u>63,680.69</u>	<u>42,661.39</u>	<u>0.00</u>	<u>21,019.30</u>
P-EBT Local Admin Funds	10.649	760	614.00	0.00	614.00	0.00	0.00	614.00
Total Child Nutrition Program			<u>64,294.69</u>	<u>0.00</u>	<u>64,294.69</u>	<u>42,661.39</u>	<u>0.00</u>	<u>21,633.30</u>
Total Federal Assistance			<u>\$236,612.19</u>	<u>\$0.00</u>	<u>\$152,596.85</u>	<u>\$150,058.11</u>	<u>\$0.00</u>	<u>\$2,538.74</u>

Note A: Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Optima Public Schools District and is presented on another comprehensive basis of accounting conforming with the accounting practices prescribed or permitted by the Oklahoma State Department of Education which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this method, expenditures are recognized when an approved purchase order is issued.

Note B: Commodities representing non-cash expenditures have been included in the Schedule of Federal Awards which is an exception to the prescribed basis of accounting.

Note C: Federal expenditures reported above were chargeable to the respective Federal programs, however, in some instances, they may not be identical to amounts recorded under the specific OCAS project codes in the District's accounting records. Common reasons for those variances include: (1) timing differences, (2) differences in basis of accounting utilized, (3) mis-coding to other project codes, (4) refunds or reimbursements that offset expenditure data, (5) matching (or other local) expenditures that supplement or exceed Federal awarded amounts, and (6) approved indirect costs which are recorded under separate project codes.

Note D: The District did not receive any Federal awards that were passed through to subrecipients.

Note E: The District did not elect to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

Note F: The District reports that they did not receive any federally funded protective equipment (PPE) from all sources.

**OPTIMA SCHOOL DISTRICT NO. 9**  
**STATEMENT OF STATUTORY, FIDELITY, AND HONESTY BONDS**

Diane Roberts – Treasurer  
Employee Dishonesty Bond  
Liberty Mutual – Ohio Casualty Bond – Policy No. LSF041320  
\$100,000 Limit  
Effective July 1, 2021 to June 30, 2022

Freida Burgess - Superintendent  
Liberty Mutual – Ohio Casualty Bond – Policy No. LSF041375  
\$100,000 Limit  
Effective July 1, 2021 to June 30, 2022

Kathryn White – Board Minutes Clerk  
Liberty Mutual – Ohio Casualty Bond – Policy No. 87C001573  
\$1,000 Limit  
Effective July 1, 2021 to June 30, 2022

Bridget Briggs – Encumbrance Clerk  
Liberty Mutual – Ohio Casualty Bond – Policy No. 87C001574  
\$1,000 Limit  
Effective July 1, 2021 to June 30, 2022

## **INTERNAL CONTROL AND COMPLIANCE REPORTS**

# Chas. W. Carroll, P.A

302 N. Independence  
Independence Tower - Suite 103  
Enid, Oklahoma 73701

Phone 580-234-5468  
Fax 580-234-5425

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Board of Education  
Optima School District #C-9  
Texas County, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements, regulatory basis, of Optima School District #C-9, Texas County, Oklahoma, (the District as listed in the Table of Contents as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collective comprise the District's combined financial statements, and have issued our report thereon dated April 10, 2023, which was adverse with respect to the presentation of the financial statements in conformity with the accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of general fixed asset account groups with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## INTERNAL CONTROL/COMPLIANCE REPORT

Optima School District #C-9

Page 2

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as 22-01, 22-02 and 22-03, that we considered to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Optima School District #C-9, Texas County, Oklahoma's, internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Chas. W. Carroll, P.A.

April 10, 2023



**FINDINGS/PRIOR YEAR FINDINGS/RECOMMENDATIONS**

**OPTIMA SCHOOL DISTRICT NO. 9  
TEXAS COUNTY, OKLAHOMA  
FINDINGS/PRIOR YEAR FINDINGS/RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2022**

**CURRENT YEAR'S COMMENTS AND RECOMMENDATIONS**

**22-01 Finding**

Statement of Condition – During general fund disbursement testing, we noted 1 out of 4 general fund purchase orders where the purchase order was not adequately documented to support the payment.

Criteria – All purchase orders should be checked to ensure that all the required documentation is attached prior to payment.

Cause/Effect of Condition – Employees were not following purchasing procedures which could lead to unauthorized purchases being made.

Recommendation – I recommend all invoices are attached to the purchase order prior to payment.

**22-02 Finding**

Statement of Condition – During general fund disbursement testing, we noted 3 out of 16 building fund purchase orders where the District paid from a vendor's statement.

Criteria – All purchase orders should have all the invoices attached prior to payment.

Cause/Effect of Condition – District could be paying for goods/services that are not the District's expense.

Recommendation – I recommend all invoices are attached to the purchase order prior to payment.

**22-03 Finding**

Statement of Condition – During child nutrition fund disbursement testing, we noted 4 out of 27 child nutrition fund purchase orders where the purchase order was not adequately documented to support the payment.

Criteria – All purchase orders should be checked to ensure that all the required documentation is attached prior to payment.

Cause/Effect of Condition – Employees were not following purchasing procedures which could lead to unauthorized purchases being made.

Recommendation – I recommend all invoices are attached to the purchase order prior to payment.

**OPTIMA SCHOOL DISTRICT NO. 9  
TEXAS COUNTY, OKLAHOMA  
FINDINGS/PRIOR YEAR FINDINGS/RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2022**

**PRIOR YEAR'S COMMENTS AND RECOMMENDATIONS**

The prior year's comments have been addressed and resolved unless listed above.

**DISTRICT'S RESPONSE TO AUDIT COMMENTS/CORRECTIVE ACTION PLAN**

The District is generally in agreement with the finding and recommendations above and will review current procedures in order to implement necessary changes.

**ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT**

Optima School District No. 9  
Texas County, Oklahoma

Schedule of Accountants' Professional Liability Insurance Affidavit  
For the Year Ending June 30, 2022

STATE OF OKLAHOMA

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) ss

County of Oklahoma

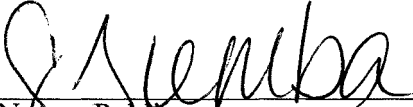
)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in Accordance with the "Oklahoma Public School Audit law" at the time of audit contract and during the entire audit engagement with Optima School District No. 9 for the audit year 2021-2022.

*Patrick W Carroll, CPA*

Chas. W. Carroll, P.A.

Subscribed and sworn to before me on this 10<sup>th</sup> day of April, 2023.  
My commission expires on 4<sup>th</sup> day of June, 2023.

  
\_\_\_\_\_  
Notary Public  
Commission No. 03003504

